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SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. VÍLCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.15 p.m.

ELECTION OF A VICE-CHAIRMAN

1. The CHAIRMAN informed the Committee that the Group of Eastern European States had proposed Mr. Movses Abelian (Armenia) for the position of the second Vice-Chairman of the Committee. As there were no other candidates, he suggested that the Committee should dispense with a secret ballot.

2. It was so decided.

3. Mr. Movses Abelian (Armenia) was elected Vice-Chairman by acclamation.

ORGANIZATION OF WORK

4. The CHAIRMAN informed the Committee that the Bureau had met on the previous Friday and had examined various details left pending at the previous meeting with regard to the Committee's programme of work. First, the Fifth Committee would consider item 117, entitled "Improving the financial situation of the United Nations", during the week of 16 to 20 October. Second, with regard to the proposal of the Netherlands that the question of the rates of assessment of the Czech Republic and Slovakia should be included under item 138, entitled "Administrative and budgetary aspects of the financing of the United Nations peace-keeping operations", the Bureau had decided that consideration of that question as a sub-item of item 138 should be postponed to permit additional consultations on the matter. Finally, with regard to the proposal put forward by Cuba, India and Mexico that the Sixth Committee should also examine the report of the Secretary-General on the reform of the system of justice in the Secretariat, the Bureau recommended that he should send a letter requesting the Chairman of the Sixth Committee to invite that Committee to consider the aforementioned report in order to determine the potential legal repercussions of the Secretary-General's plan for the reform of the internal system of justice in the Secretariat. In the meantime, the Fifth Committee would consider the administrative and financial repercussions of that report.

5. Miss PEÑA (Mexico) explained that her delegation did not recall saying anything about the need for the Sixth Committee to express an opinion regarding the aforementioned report of the Secretary-General. Moreover, in the opinion of her delegation, there was no justification for the proposal that the Sixth Committee should be consulted on the matter.

6. Ms. SHENWICK (United States of America) agreed with the view expressed by the representative of Mexico.

7. Mrs. RODRÍGUEZ ABASCAL (Cuba) supported the Bureau's suggestion.

8. The CHAIRMAN suggested that, in view of the lack of agreement on the question, consultations with delegations should continue and a decision on the matter should be postponed.

9. It was so decided.

AGENDA ITEM 116: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997 (A/50/6 (Vol. I and II), A/50/7 and A/50/16)

10. The SECRETARY-GENERAL said that, as chief administrative officer of the Organization, he had come to the Fifth Committee to present his proposed programme budget for the biennium 1996-1997. That budget represented a renewed effort by the Secretariat to minimize resource requirements. At the same time, it endeavoured to ensure the efficient provision of efficient services to Member States and the execution of all mandated activities as effectively as possible.

11. The programme of work envisaged reflected the legislative mandates embodied in the medium-term plan for the period 1992-1997. It also reflected the related resolutions of the General Assembly and was consistent with the priorities identified by the Assembly. It was the third and last biennial programme budget prepared within the framework of the current medium-term plan.

12. In devising his proposals, he had placed particular emphasis on effectiveness through improved management, in other words, through simplified administrative procedures, rationalized work programmes, improved productivity through advanced automation technologies, enhanced resource utilization in conference services, and reduced operating expenses in specific areas.

13. Thanks to the benefits of Secretariat restructuring, efficiency gains and investments in technology, the budget represented a significant reduction compared with the current budget and also with the outline of the proposed programme budget for 1996-1997 approved the previous year by the General Assembly.

14. His proposals stemmed from intense scrutiny within the Secretariat. The aim had been clear: to determine the maximum level of efficiency gains that could be achieved without a negative impact on the fulfilment of mandates.

15. He was pleased that the timeliness of his proposals had facilitated the work of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and of the Committee for Programme and Coordination (CPC), as those bodies had indicated in their reports.

16. The presentation of the proposed programme budget included a number of new features. He hoped that those improvements would facilitate the Committee's deliberations.

17. The proposed programme budget for the biennium 1996-1997 called for the abolition of 201 posts and the creation of 66 posts for new activities mandated by Member States. Resource reductions under the expenditure sections amounted to $98.2 million. When the estimates for general income and revenue-producing activities were taken into account, that was a net reduction of $117 million, as compared to the current biennial budget.

18. The proposed distribution of resources for the biennium 1996-1997 had been guided by the priority areas identified for the medium-term plan period and elaborated in the budget outline. Accordingly, special attention had been paid to strengthening the Organization's capacity to deal with political and peace-

keeping activities, reinforcing international and regional cooperation for development, enhancing support for human rights and humanitarian activities, and increasing internal oversight capacity.

19. For the maintenance of peace and security, preventive diplomacy and peacemaking were highly cost-effective activities. The Organization's capacity for those activities would be enhanced through the redirection of resources within the Department of Political Affairs. In addition, measures were being taken to strengthen the support capacity for sanctions committees.

20. Another crucial requirement was the effective and efficient conduct and of support for peace-keeping operations. Experience had shown the need to strengthen policy management, organizational performance, strategic planning and start-up capacity. His proposals paid particular attention to those core functions.

21. The United Nations had been and must continue to be an active force for development, a forum for discussion, a tool for cooperation, and a vehicle for promoting multilateral action and global consensus.

22. The recommendations of the United Nations conferences held during the current biennium had been far-reaching and would facilitate the articulation and implementation of a new and comprehensive vision of development. He had proposed measures to strengthen the programmes dealing with sustainable development, micro-economics and social policy analysis, population, international drug control, crime prevention, Habitat II and the United Nations New Agenda for the Development of Africa in the 1990s. He had also proposed measures to strengthen the regional commissions in their follow-up to the Global Conference on the Sustainable Development of Small Island Developing States.

23. The Fourth World Conference on Women had requested him to take measures to strengthen the Organization's capacity to implement its Platform for Action. He would present his proposals in that regard when the General Assembly considered the report of the Conference.

24. The need for the promotion and protection of human rights had never been greater, neither had the need for a rapid and effective response to humanitarian emergencies. In the next biennium, efforts would be made to consolidate the new organizational structure of the Centre for Human Rights, and to make the human rights programme more effective.

25. With regard to humanitarian emergencies, the emphasis would be on enhancing the Organization's early-warning capacity, ensuring its readiness for rapid response, and improving coordination in the critical initial phase.

26. Internal oversight was a key element of management efficiency. Accordingly, the proposed budget included proposals to further strengthen the Office of Internal Oversight Services.

27. Effective management of human resources was also key. The Organization must have at its disposal - and be able to retain - staff with the skills, competence and expertise necessary to carry out its tasks. That was

particularly important at a time of rapid change. The staff of the Organization were called upon to respond to new challenges and new mandates, which often required them to undertake additional and unfamiliar tasks. It was therefore essential that the management training programme currently under way should be continued and reinforced in the coming two years.

28. The first phase of efforts to identify efficiency gains, reflected in his proposals before the Fifth Committee, had taken various forms: the simplification of administrative procedures, the rationalization of work programmes, the improvement of productivity through investment in technological innovations, and reductions in external printing and travel costs, consultancies, supplies, equipment and general operating expenses.

29. He was committed to ensuring cost-effectiveness, enhancing administrative efficiency, strengthening accountability and eliminating waste. Where there was duplication or overlap of activities - or where activities had lost their relevance - he would present recommendations to the General Assembly for appropriate action. He would continue to make every effort to ensure cost containment.

30. In his annual report on the work of the Organization, he had reiterated his firm commitment to Secretariat reform and to improving the efficiency and effectiveness of the Organization. He had integrated the reform measures under way in a comprehensive management plan. The proposals currently before the Fifth Committee should be viewed as an integral part of that reform effort. Their implementation in the next biennium, and further progress towards the creation of a mission-driven and result-oriented organization, would not, however, be possible until and unless the financial soundness of the Organization was restored.

31. Outstanding contributions to the regular budget for the current biennium amounted to almost $803 million. Outstanding contributions to peace-keeping operations amounted to $2.5 billion. Thus, outstanding contributions amounted in total to $3.3 billion.

32. While pursuing his efforts with Governments which were late in paying their contributions, he had also taken a new initiative in inviting certain Governments to agree, on a voluntary basis, to be assessed at the same rate for peace-keeping operations as for the regular budget. Although he had received some positive responses - and he would like to thank those Governments that had responded - the overall situation remained very difficult.

33. In August 1995, the regular budget had run out of cash and to cover regular budget expenditures through September, $125 million had had to be borrowed from peace-keeping operations. It was absolutely critical that those Member States with outstanding contributions should make the necessary payments; otherwise, the amount which would have to be borrowed from peace-keeping operations to cover regular budget expenditures would continue to grow.

34. That meant that the Organization would have to delay even further the reimbursements to troop contributors and the payment of letters of assist to Governments. The United Nations currently owed more than $900 million to Member

States for troop costs and equipment. Many of those States were developing countries which required United Nations assistance. In the current instance, however, the Organization was borrowing from them without interest. If that situation continued, the amount owed to Member States would, it was estimated, reach more than $1.2 billion by the end of the year, and peace-keeping operations would be in great danger. That situation could not continue.

35. He had taken steps to conserve cash within the Secretariat. Those cost-saving measures could not, however, substitute for full payment of assessed contributions by Member States. He could not overemphasize the importance of Member States paying their outstanding contributions as soon as possible.

36. Ten years earlier, on the occasion of the fortieth anniversary of the Organization, his predecessor had made a statement to the Fifth Committee in which he had said that his greatest hope was that, in the years ahead, Governments would be able to work together in a United Nations assured of the financial soundness which it required.

37. Ten years later, as the Organization celebrated its fiftieth anniversary, that hope remained unfulfilled. The financial situation of the Organization had only become bleaker. The management of the financial crisis risked detracting attention and resources and might jeopardize the reform process under way. That situation increasingly rendered the efficient management of the Organization an impossible task. The very viability of the Organization might be at risk at that very moment.

38. Progress in the reform of the intergovernmental machinery was another condition for the reform measures already introduced at the Secretariat level to bear fruit. Such progress was facilitated by the definition of a political framework and substantive objectives. Through his reports entitled "An Agenda for Peace" and "An Agenda for Development", he had endeavoured to contribute to such a definition. All must work together to ensure that the various processes under way in that regard were conducted in a mutually supportive manner and led to concrete results.

39. The effectiveness of the Organization depended on the performance of its staff. Thus, another key factor for the success of the reform effort was the restoration of competitive conditions of service. The Organization must be able to attract and retain staff of the highest calibre. He hoped that the deliberations of the General Assembly at its current session would advance that important objective.

40. He was convinced that, with the support and assistance of all Member States, the changes currently taking place within the Organization could succeed in making the United Nations a more focused and effective tool in the service of all humanity.

41. He trusted that his proposed programme budget for the biennium 1996-1997 reflected the mandates received from Member States and their concerns expressed in different forums about the challenges ahead, priorities and cost containment. He commended the proposed programme budget for the Committee's approval.

42. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the first report of the Advisory Committee on the proposed programme budget for the biennium 1996-1997 (A/50/7), welcomed the timely submission of the budgetary estimates, which had facilitated their examination and the preparation of the first report of the Advisory Committee. He was also grateful for the additional information supplied orally and in writing by the representatives of the Secretary-General and commended the Secretariat for having implemented a number of the Advisory Committee's recommendations on the structure and format of the budget document, particularly part I, which had been considerably shortened and made self-contained.

43. In his foreword to the proposed programme budget, the Secretary-General had indicated that he had responded to the call by Member States to do more with less. He had therefore proposed an initial budget which represented a resource reduction of 3.8 per cent compared with the revised appropriations for 1994-1995 and was also lower than the 1996-1997 outline approved by consensus by the General Assembly. On the basis of the existing mandates and the related current level of United Nations activities, the Advisory Committee had concluded that the proposed estimates were realistic and, as stated by the Secretary-General, cost effective. Indeed, in the area of conference services, it was obvious to the Committee that demand exceeded the estimated capacity.

44. The estimates for 1996-1997 had therefore been accepted by the Advisory Committee with minor modifications. The difference between the estimates just introduced by the Secretary-General and the recommendations of ACABQ was about $18 million gross. Included in that figure were proposals which ACABQ might reconsider on the basis of up-to-date information, as requested in its report, or after receiving studies that had already been under way or planned at the time of the Advisory Committee's review of the budget.

45. The initial estimates involved the abolition of 223 and the establishment of 92 posts (61 new posts, 5 conversions from general temporary assistance and 26 proposed for transfer from the support account for peace-keeping operations). For reasons explained in its report, ACABQ had accepted the bulk of the new posts requested in the Professional category and some support posts.

46. The starting-point in preparing the estimates for 1996-1997 was the revised appropriations for 1994-1995; the overall level of resources, however, had been based on the outline for the next biennium. Once again, in 1995, the Committee would face a challenge as old as the United Nations. In its current form, that challenge was one of the questions emerging from the crisis of 1964 over the applicability of Article 19 of the Charter; it related to the respective roles of the Secretary-General and the Member States in determining the level of the budget of the Organization. The outline was a compromise answer that had developed over a period of 30 years and it was essential to understand its meaning and implications in order to keep a clear mind during the coming debate.

47. Over the years, a view had developed that Member States should instruct the Secretary-General to prepare a budget on the basis of an overall resource amount proposed by them. A number of Member States had shared the perception that the growth of United Nations budgets as proposed by the Secretary-General could not be sustained in view of the financial constraints faced by Member States in

their own national administrations and the pressure placed on them by their legislatures to adopt maximum restraint in budget growth in the United Nations and its agencies. Others had believed that the Secretary-General, as chief administrative officer of the Organization, should submit a proposal based on his view of what he would require to implement the mandates entrusted to him by Member States.

48. The planning estimate called for by the General Assembly in resolution 2370 (XXII) of 19 December 1967, the unsuccessful attempt to have a medium-term plan with indicative planning figures and the very introduction of a two-year programme budget had been attempts to reconcile the two views.

49. The outline concept was another attempt to reconcile those approaches. That concept provided that, before the Secretary-General prepared his budget, Member States should first be consulted and their agreement sought on the likely level of resources they would be asked to contribute. That solution, as embodied in resolution 41/213 (including the establishment of the contingency fund procedure), met the criterion of prior consultation; the hope in 1986 had been that, once the outline had been agreed to by consensus, future criticism and possible rejection of the subsequent level of resources proposed by the Secretary-General for the budget would be avoided. Indeed, the three elements of resolution 41/213, namely, the outline, the contingency fund procedures and the consensus desiderata, had been very successful in virtually stopping what had formerly been described as the uncontrolled growth of regular budgets; the size of the regular budget had been contained and, compared with peace-keeping and extrabudgetary operations, the regular budget was relatively small.

50. A certain amount had been included in the estimates to allow for currency fluctuations and inflation. For years, ACABQ and the Fifth Committee had considered how best to treat the additional resources required to cover currency fluctuations and inflation. Studies carried out by ACABQ had revealed that various ways were employed by the United Nations system to deal with that issue, including the request for supplementary funding, the establishment of special accounts and reserves and, especially where amounts were manageable, absorption through postponement and the reordering of priorities. In resolution 41/213, the General Assembly had decided by consensus that, although every effort should be made to absorb inflation and currency costs without any adverse impact on programme delivery, United Nations budgets should continue to be adjusted for currency and inflation pending a comprehensive solution of the issue. The proposed programme budget for the biennium 1996-1997 had been prepared in accordance with the provisions of resolution 41/213.

51. The estimates relating to human resources covered staff on permanent and fixed-term contracts, temporary staff hired for varying durations of time, consultants, contractual personnel and expert groups. The services provided by the total number of posts shown in the staffing tables were therefore supplemented by a number of non-post personnel, consultants and experts.

52. The Advisory Committee had made a number of comments and recommendations concerning personnel matters. The method of calculating staff costs would have to be refined to ensure that the standard costs used for that purpose were realistic. The refinement should include careful monitoring of such elements as

common staff costs. It should also result an improvement in the current allotment system, which had for years attracted criticism from both the Advisory Committee and the Board of Auditors. Improved monitoring would allow the Secretariat to have up-to-date information for the purpose of establishing realistic standard costs for the preparation of the budget. Since the Organization was proposing to spend up to $70 million for the Integrated Management Information System, past management problems in that area should be eliminated.

53. The grading pattern in a number of departments needed to be revised, particularly in the political area, where the Advisory Committee had found evidence of excessive overgrading. To that end, there was a need to revise and improve the nomenclature and criteria for developing Secretariat structures. The Advisory Committee had encountered such terms as "clusters" and programme implementation by thematic groups and task forces. Unless common standards were used in programme implementation and unless programme managers were identified and held accountable, the Advisory Committee was concerned at the potential for duplication and for less than optimum use of resources.

54. The priority currently given to reforming the personnel management system by the introduction of modern personnel management methods was commendable, but, in the implementation of a number of proposed reformed measures, it was important to avoid creating new problems for the Organization. The efficiency of the implementation of the new personnel performance appraisal system should be monitored carefully and, if necessary, action should be taken to streamline it so as to avoid creating a costly bureaucracy, exacerbated by innumerable meetings of staff, supervisors, managers and management review committees. Disagreement over the implementation process and the quality of performance ratings might clog an internal justice appeal system which was already seriously flawed.

55. The Advisory Committee was preparing a report on the reform of the system of justice; on that matter and on the performance appraisal system, he said that criticism from the ACABQ should not be regarded as coming from individuals afraid of change. Since 1981, ACABQ had been calling for a reform of the internal system of justice and many of its recommendations had been instrumental in reducing the backlog of cases. In reforming the current system for the administration of justice, it was important to avoid establishing mechanisms which would be more costly, whether directly or indirectly, than the current system.

56. The reduction in the number of established posts should not lead to the emergence of a new procedure whereby funds intended for general temporary assistance were used to establish a type of "floating" Secretariat with individuals hired intermittently or continuously with short breaks in between. There was a need for greater transparency in the recruitment of short-term personnel, and guidelines should be established to define much more clearly the circumstances and criteria for the recruitment of short-term staff who performed continuing functions and therefore needed to have their positions reflected in the staffing tables of the Secretariat units concerned.

57. Training programmes must be carefully designed to address specific issues the solution of which through training would enhance the Organization's capacity to implement its mandates. There should be a carefully planned early separation programme and care should be taken to ensure that those who took advantage of the programme were not the individuals whom the United Nations could least afford to lose. New recruitment procedures that appeared to be emerging and the contracting out of various services should take account of the special nature of the United Nations as an international organization with 185 Member States; whatever the merits of such procedures at the national level, they must be carefully tailored to meet the special needs of the United Nations.

58. The direct cost of common support services budgeted under Part VIII accounted for about 35.5 per cent of the estimate for 1996-1997. However, substantive Secretariat units also provided support. The Advisory Committee had welcomed the increased productivity resulting from the introduction of new technology in such areas as document processing and production, remote translation and communications. In its first report, the Advisory Committee, had commented extensively on the United Nations publication programme and had called for the effective involvement of intergovernmental bodies in the review of the publication programme when the formulation of the medium-term plan was under way or when the work programme was being considered for inclusion in the proposed programme budget.

59. In view of the introduction of computer technology, the productivity of support services and the number of support staff should be studied. The system of workload indicators, which was fairly advanced in the conference services area, should be enhanced and extended to other parts of the Secretariat. There was a need to improve and streamline procurement services, a subject the Advisory Committee would report on separately. In the area of communications, planned projects in the United Nations should be coordinated effectively with those being developed for United Nations funds and programmes and for the United Nations system as a whole in order to avoid the establishment of costly and incompatible communications systems.

60. As in the past, the Advisory Committee had spent a considerable amount of time inquiring about the extrabudgetary resources included in the budget estimates. The bulk of those resources, some $3,725.7 million out of the total of $4,434.5 million, pertained to programmes which had their own governing bodies to which ACABQ reported. The Advisory Committee welcomed the refinements in the presentation of the estimates for extrabudgetary funds, but believed that more needed to be accomplished. In particular, the narratives in the budget still lacked a clear definition of the activities to be carried out and their effect on programme priorities.

61. The management of trust funds also needed improvement. During its review of the budget, ACABQ had noted numerous instances where interim accounts for trust funds showed negative balances indicating excess expenditure over income received during the reporting period. The Advisory Committee had also noted many cases where general fund resources had been used to start the implementation of trust fund activities pending receipt of contributions. It had been the consistent view of the Advisory Committee that at all times obligations should not be entered into unless income was assured and attainable.

62. The appointment of short-term staff and consultants should follow the same rigorous procedure applicable to regular budget activities. There should be a fair charge to trust funds and other extrabudgetary resources of the cost of managing and administering those funds, thereby avoiding subsidy by the regular budget. The Secretariat was requested to develop uniform reporting standards to satisfy reporting requirements by donors, standards which should alleviate excessive and repetitive demands for reports. Where donor conditions were contrary to the financial and personnel regulations of the United Nations, the United Nations regulations must prevail regardless of the level of resources being given. Finally, the experience of the Advisory Committee in reviewing peace-keeping budgets led to the conclusion that it was essential to designate qualified United Nations staff who knew United Nations rules and procedures to manage, supervise and monitor the implementation of trust fund activities including emergency and humanitarian activities at Headquarters and in the field.

63. The Advisory Committee had submitted a separate report with its comments on the proposed format of the medium-term plan. The experience of the United Nations with forward planning had had mixed results and, in view of the current debate on further reform and restructuring of the United Nations, it was uncertain what kind of plan the General Assembly should consider at the fifty-first session. The complex intergovernmental machinery and decision-making process in the United Nations had been one of the greatest challenges to forward planning. The mandates and activities and related Secretariat structures of the United Nations had not grown in accordance with an overall pre-determined plan. Rather, the Organization had reacted over the years to the perceived global priorities as articulated by Member States in various fora. Such perceptions had been articulated largely in conferences, summits and other convocations the results of which were mandates, programmes of action, system-wide plans of action, and development decades and their related secretariat structures and intergovernmental machinery. Unless agreement was sought on the role that those global intergovernmental directives should play in the preparation of medium-term plans, the past frustrations in planning would continue into the twenty-first century.

64. The fiftieth anniversary of the United Nations was taking place amidst intense discussions about the Organizations's future. Reform proposals had been made covering practically every aspect of the Organization. To assist in the upcoming debate on change and reform, the Advisory Committee had commented and submitted recommendations in its first report on a number of areas in the administration and management of the Organization. The Advisory Committee had noted the intention of the Secretary-General to conduct phases two and three of his review of the activities of the United Nations and had expressed its trust that such economies as might be identified would be achievable without compromising the Organization's ability to carry out fully all the mandates entrusted to it by the competent intergovernmental bodies. Should the Secretary-General be of the view that certain activities should be reordered so as to achieve the desired level of savings, it was incumbent on him to make the necessary programmatic proposals to the General Assembly.

65. The United Nations was currently going through a period when the need for change and renewal had never been more clearly perceived. As the Organization

embarked on the tasks ahead of it at the current historic session of the General Assembly, it was important also to recall the many accomplishments of the past so as to benefit from the wisdom of collective experience. After all, the Organization had been evolving and reforming itself for much of its 50 years. Most importantly, in the search for a more efficient and responsive United Nations, its unique character and mission and its grand and noble design embodied in the Charter must always be borne in mind.

66. Mr. TUDOR (Chairman of the Committee for Programme and Coordination), introducing the report of the Committee for Programme and Coordination (CPC) on its thirty-fifth session, said that the Committee had carefully reviewed its mandate and role as a principal subsidiary organ of the Economic and Social Council and the General Assembly. The Committee considered that it should be informed of the views and decisions of the Council regarding reports that it submitted in accordance with its mandate. It stressed the need for an adequate follow-up by the Council and its respective intergovernmental bodies. The Committee considered that there should be careful preparation of joint meetings of CPC and the Administrative Committee on Coordination (ACC) and that the structure and content of such joint meetings should therefore be determined in advance. Dialogue needed to be encouraged through in-depth discussions as opposed to orally delivered prepared statements.

67. The Committee expressed appreciation for the efforts made by the Secretary-General to present a programme budget on time and took note of the new features in the format of the budget. The budget included a self-contained part one, which gave a comprehensive picture without requiring reference to individual budget sections. New features included summaries of each budget section, additional information on expenditures for the biennium 1992-1993 and information on extrabudgetary expenditures and projections by object of expenditure.

68. The Committee noted that the total amount of resources requested by the Secretary-General was below the level determined in the programme budget outline for the biennium 1996-1997 which had been adopted under General Assembly resolution 49/217. It welcomed the fact that the savings achieved through improved productivity were higher than those that had been anticipated in the programme budget outline. It also noted the Secretary-General's assurances that the reduction in resources would in no way affect the implementation or the quality of all mandated programmes and activities.

69. The Committee recommended in its report that proposals for provision of resources in the programme budget for 1996-1997 should be derived from the medium-term plan for the period 1992-1997, as revised, and legislative mandates adopted subsequent to the adoption of the medium-term plan or its latest revisions. The Committee had arrived at a consensus that the substantial decrease in the level of resources provided for under the proposed programme budget should be achieved as far as possible through greater efficiency and vastly improved productivity. That should apply to all programmes and efforts should be made to achieve better coordination between various departments and improve the management of human resources.

70. CPC was recommending to the General Assembly that it should approve the narratives of the majority of the sections of the proposed programme budget for the biennium 1996-1997. In view of the differences of opinion expressed with regard to some sections, CPC was unable to recommend to the General Assembly that it should approve the narratives of sections 8 (Department for Economic and Social Information and Policy Analysis), 9 (Department for Development Support and Management Services), 13 (Crime control) and 21 (Human rights). The Economic and Social Council had been unable to resolve those differences at its summer 1995 session, and consequently the Fifth Committee and the General Assembly would have to continue to review those questions and take final decisions on them.

71. CPC had expressed appreciation for the quality and comprehensive nature of the report of the Office of Internal Oversight Services on the in-depth evaluation of the programme on environment. It had endorsed the recommendations in the report, and was in general agreement with its main thrust, which was to refocus the activities of the United Nations Environment Programme (UNEP) by strengthening its partnership with other organizations within and outside the United Nations system.

72. CPC had expressed satisfaction with the final report on the in-depth evaluation of peace-keeping operations: start-up phase. It had endorsed the majority of the recommendations and had concluded that some of them needed to be examined further by the relevant intergovernmental bodies, as well as by the Special Committee on Peace-keeping Operations.

73. CPC had taken note of the annual overview report of the Administrative Committee on Coordination (ACC) and the report of the Joint Meetings of CPC and ACC. It had welcomed the emphasis placed by ACC of policy issues pertaining to system-wide coordination, had encouraged ACC to continue its efforts to promote greater coherence in the development work of the system, and had stressed the need for the documentation to focus better on coordination issues of primary concern to CPC.

74. CPC had recognized the merits of an approach to coordination that was based on a division of labour among the different organizations and agencies of the United Nations system, and had emphasized that the General Assembly was the central policy-making forum within the United Nations system. CPC had also emphasized that enhanced coordination should lead to greater cost-effectiveness and improved programme delivery.

75. CPC had agreed that the conclusions and declarations of recent major conferences and international events should be followed up in a coordinated manner within the context of an integrated approach, and had welcomed the initiatives taken by the Secretary-General and ACC in that regard.

76. CPC had agreed to propose that the theme for the next series of joint meetings of CPC and ACC should be "Coordination of the activities of the United Nations system for the eradication of poverty".

77. CPC had stressed the importance of continued attention on the part of the Secretary-General, including in his capacity as Chairman of ACC, to efforts of

assistance to countries invoking Article 50 of the Charter of the United Nations. It had requested that the ACC overview report should continue to provide detailed information on assistance by the United Nations system to those countries.

78. CPC had stressed the need for concrete actions in support of African development. It had been emphasized that the decline in official development assistance flows to many African countries should be reversed, and Member States had been urged to fulfil their financial commitments and pledges. CPC had further urged that the freeze on the growth of the budgetary expenditures of the United Nations should not affect adversely the development projects for Africa.

79. CPC had stressed that there was an imperative need to place the organizations of the system on a more assured financial basis, and had suggested that Member States should recommit themselves to paying their assessments in full, on time and without conditions.

80. CPC had reviewed and endorsed the reports of the Joint Inspection Unit (JIU) entitled "Review and assessment of efforts to restructure the regional dimension of United Nations economic and social activities" and "Communication for development programmes in the United Nations system", while noting the views and reservations expressed during the discussions.

81. Discussion at the thirty-fifth session of CPC had underlined the importance that Member States attributed to the revitalization of many of the Organization's activities. CPC was more ready than ever to discharge its function as a principal subsidiary organ of the Economic and Social Council and of the General Assembly. Despite the differences among the positions expressed during the discussions, CPC had been able to arrive at a consensus on its conclusions and recommendations. There was much the United Nations system could do to help Member States ensure the well-being of their peoples. Better coordination and improved planning, oversight and evaluation tools, resulting from the reform and renewal of the United Nations would help to make the Organization a more suitable and effective instrument for execution of the mandates of the General Assembly.

82. Mr. MUÑOZ (Spain), speaking on behalf of the European Union, Bulgaria, Cyprus, the Czech Republic, Latvia, Lithuania, Malta, Romania, and Slovakia, said that the European Union noted with satisfaction that the proposed budget programme for the biennium 1996-1997 had been submitted within the period specified in the Financial Regulations, thus allowing CPC and the Advisory Committee to complete their reports with enough time to give that important issue the attention it deserved.

83. The European Union recalled that the review and approval of the budget, a process of the utmost political importance in any organization, would prove meaningless if the Member States did not show a clear political will to fulfil their financial obligations in full, on time and without conditions. Such a lack of will jeopardized the fulfilment of the mandates of the Organization, as was currently being witnessed. Nevertheless, it was necessary to face up to the stark reality that as of 31 August 1995, only 67 Member States had paid their regular budget assessments in full, and there was great uncertainty about what

income would be available for the following year. In that context, the European Union wished to point out that the current scale of assessments for the period 1995-1997, established by General Assembly resolution 49/19 B, had been adopted by consensus, and the European Union also recalled that it had made several proposals concerning incentives and disincentives to promote the payment of assessed contributions in full, on time and without conditions, as well as proposals to improve the scale of assessments so that it better reflected the principle of capacity to pay.

84. The European Union noted with satisfaction the clear improvement in the methodology employed in the preparation of the budget, both with regard to the participation of the managers responsible for programmes during the elaboration process, something which undoubtedly promoted their responsibility for the fulfilment of objectives within the means at their disposal, as well as with respect to providing more complete, detailed and easily understood information than that submitted in previous budgets. In that context it welcomed the improvements in format, particularly regarding part I and the summary of sections included therein. The information regarding extrabudgetary resources, which had also been improved, gave a clearer picture of the total resources needed to carry out the work of the Organization.

85. The Union called for continued efforts in the presentation of the proposed budget, for example, greater involvement of the United Nations specialized agencies in the budget process and information on the use of the contingency fund, as well as providing organizational charts of the Secretariat and performance indicators of the different activities. The European Union also viewed positively the Secretary-General's three-phase approach aimed at enhancing the efficiency and the performance of the Organization.

86. The Secretary-General had set out on the right path. Making the United Nations function in a more rational and cost-effective way should be part of a continuous process. His delegation looked forward to the implementation of phases II and III, which aimed to eliminate activities that overlapped or were deemed of minimal or no value. In that regard, he would like to have information from the Secretariat on the current timetable for those two phases, which should be carried forward promptly.

87. Duplication of effort within the Secretariat and the system was a problem that needed to be addressed urgently. Those who were directly involved - the administrative and executive heads of departments, programmes and agencies - could best propose how the elimination of duplication and the coordination of activities could be achieved in the interest of carrying out the mandates which the Member States had defined in various forums. The job of identifying the most efficient way to carry out mandates and tasks fell fully within the framework of accountability and responsibility demanded of programme managers.

88. The proposed budget, totalling $2.51 billion for the biennium 1996-1997 before recosting (and without taking income into account), represented negative growth from the revised budget for 1994-1995. Furthermore, that amount was slightly less than that given in the mandate set forth in General Assembly resolution 49/217, which had adopted the proposed programme budget outline for the biennium 1996-1997. The European Union noted with appreciation the

efficiency savings in the proposed budget and the firm intention to continue to scrutinize activities for further savings.

89. With regard to the proposals included in the introduction to the proposed budget, the Union supported the main positions or priorities for action defined by the Secretary-General. He noted that, in addition to the proposed programme budget for 1996-1997, there would be expenses for ongoing and new "ad hoc" missions and was concerned by the fact that in the proposed budget no amount had been included under the heading "ad hoc missions", in order to finance the Secretary-General's activities in the field of preventive diplomacy and peace-keeping, especially if one took into account the fact that preventive diplomacy constituted one of the Organization's priorities and that, as the Secretary-General indicated in the introduction to his proposal, the volume of activities in that area would not substantially change in upcoming years.

90. The European Union considered that the increase in resources for the promotion and protection of human rights would have a positive effect on activities aimed at promoting development. In that respect, he hoped that the effort made to increase the level of resources for that priority and the study on the restructuring of the Centre for Human Rights would enable the Committee to debate the question and adopt the most appropriate decisions for strengthening and streamlining that activity. He continued to believe that the overall proportion of the programme budget devoted to human rights remained inadequate and did not reflect the priority which should be attached to that area.

91. Another planned priority that needed financial support was that relating to oversight mechanisms and internal supervision. The proposed budget increased the resources assigned for that purpose by approximately one third compared with the current budget, which the European Union hoped would be the first step towards strengthening those activities. The reports of the Office of Internal Oversight Services should be an effective tool for adopting decisions making it possible to improve the Organization's efficiency.

92. The European Union also supported the proposals to reinforce the Organization's capacity in preventive diplomacy and peace-keeping operations, particularly in the planning and launching of such operations.

93. In conclusion, the European Union would like to express its full readiness to work together with other delegations to reach a consensus which would make it possible to approve a restrained budget to be managed responsibly and efficiently and ensuring the effective implementation of the Organization's mandate.

94. Mr. FOWLER (Canada), speaking also on behalf of Australia and New Zealand, expressed satisfaction that the budget proposals were not only complete and in a much improved format but had also been issued in May of the current year, which had enabled the Committee for Programme and Coordination to consider them at its thirty-fifth session in the spring and had provided delegations with the opportunity to give them the careful study that they deserved.

95. That achievement was due in large measure to Mr. Connor, the Under-Secretary-General, and his team, which in 1995 had instituted a new system of accountability and transparency in the Secretariat, thus paving the way for the introduction of more efficient, accountable and responsive management. His delegation was encouraged by the efficiency gains realized thus far since those gains, in the proposed budget before recosting, would result in an initial appropriation in 1996 lower than the final appropriation for 1994-1995. He was also encouraged by the resolve of the Secretary-General to strive for further efficiency in subsequent phases.

96. Canada was glad to note that, in accordance with General Assembly resolution 48/228, the proposed budget contained information on actual expenditures for the biennium 1992-1993 and vital information on extrabudgetary resources. While those were welcome improvements, another requirement under the resolution was the inclusion of forecasts to the end of the current biennium. That was also vital information and he hoped that it would be provided by the Secretariat in the course of the deliberations. He also stressed that he remained uncomfortable with the existing recosting methodology and the lack of transparency in its presentation. That opinion was reinforced by the comments of the Advisory Committee on the subject and he would be seeking further information in that regard. His delegation was also seriously concerned about the possibility of large increases due to recosting. Some portion of those increases, including those due to exchange-rate fluctuations, must be absorbed.

97. Canada supported the overall priorities set out in the proposed budget, in particular the proposed increases for peace-keeping operations and preventive diplomacy, enhanced international cooperation for development, human rights and humanitarian assistance, and the Office of Internal Oversight Services. The demands of peace-keeping operations and special missions continued to grow in both volume and complexity and the proposed resource levels were no more than appropriate. The situation continued to be complicated, however, by the multiplicity of funding mechanisms. In that regard, his delegation continued to support the transfer of professional positions from the peace-keeping support account to the regular budget, as recommended by the Secretary-General.

98. With regard to human rights and humanitarian assistance, there could be no doubt about the urgency and importance of the needs to which those programmes responded. The workload of the Centre for Human Rights continued to increase and so must the resources devoted to it. Canada was glad to note that the Centre had taken steps to improve its management structure. Nevertheless, he recognized the need for the further improvement of management and administrative practices and would continue to contribute to that effort.

99. The Office of Internal Oversight Services had already shown how valuable it could be to the Fifth Committee's deliberations; the delegations of Australia, New Zealand and Canada would be referring extensively to the Office's reports during consideration of the proposed budget and would support fully the proposed staff increases.

100. It must be understood that there were severe constraints on the resources available for international organizations. Many Governments, including those of Australia, New Zealand and Canada, were facing difficult budgetary decisions.

They had had to learn to live with expenditure reductions in real terms while maintaining priority programmes. International organizations were subject to the same pressures and must meet the same challenges as National Governments. The United Nations must focus on key objectives and reduce overhead spending in order to protect priority programmes. The point had been reached where Governments could no longer bear the burden of increasing budgets for international organizations while their own were being cut back. Hence, the budgets of international organizations must be subject to the same rigorous scrutiny and accountability as shrinking national government budgets. There was a pressing and unavoidable need for the United Nations to marshall its scarce resources more effectively, since resources for new or increased activities must be found primarily through efficiency gains. There simply was no other option if the confidence of Governments and the public was to be restored in the United Nations, and the Organization itself put on a sound financial footing. As the Secretary-General had stressed, the Organization's financial crisis was crippling its effectiveness and its credibility.

101. The challenge of increased efficiency demanded that programme managers and staff should join the management to find ways of doing their jobs more efficiently. Canada shared the Advisory Committee's view that there was a need to strengthen coordination between secretariat units with a view to achieving a better use of resources. Work practices should also be re-examined. The Advisory Committee had suggested some ways in which work practices could be modified to produce the same or better output with lower administrative and staff overheads. The Committee thought that it could achieve "productivity gains that can be realized as the result of technological innovations, review of publications programmes, strict control of expenditures on travel and consultants, and the possibility of greater accuracy in forecasting costing standards".

102. In that connection, his delegation was concerned by the following statement in section 26 E, paragraph 31, of the proposed budget: "While the use of office automation equipment to assist translators will enhance the quality of their work, no immediate gains in productivity are anticipated". That was not satisfactory to his delegation, which, while it did not expect immediate gains, did regard increased productivity as the principal goal and justification of the large sums being spent on office automation, and expected to see significant productivity gains realized reasonably quickly in all areas where that investment had been made.

103. There were many steps that the Organization could take to increase efficiency and reduce costs without impairing programmes. In that connection, his delegation strongly supported the proposal for an efficiency board put forward by the Secretary-General, and was prepared to contribute with expertise and personnel to get it started soon. One of the efficiency board's first tasks should be serious scrutiny of the Organization's publications policy, which was long overdue. As the Advisory Committee noted in its report, publications policy had been one of its concerns for many years. All aspects, including the harmonization of print and electronic publication, should be reviewed and rationalized.

104. The budget should be used to do more than set levels of appropriations for the next biennium. It should be an instrument to encourage more efficient programme delivery, through reduction of administrative and overhead costs. It should allow flexibility through re-allocation of resources to higher-priority programmes and activities; encourage clarity of objectives, priority-setting, strategic plans and evaluation of results; and contribute to the elimination of duplication and overlap, within the Organization itself, and between it and other agencies. For example, the ratio of General Service staff positions to positions in the Professional category and above in the United Nations Secretariat was significantly higher than in most of the specialized agencies. He expected that savings, of the order of $100 million per biennium could be achieved if the Secretariat's ratio were reduced to the level of some of the specialized agencies.

105. Canada was concerned by apparent divergences between the costs of conference services in New York and Geneva. Its analysis indicated that if Geneva's printing service were as efficient as New York's, conference costs could be reduced by $12 million per biennium. Additionally, it appeared from the information provided in the Advisory Committee's report that further economies in conference services were conceivable, although assurances would be needed that quality standards would be maintained and that the contracting process would be fully transparent.

106. The Executive Offices in the Secretariat had a budgeted cost of $100 million for 1996-1997 with staff of over 450. The introduction of advanced information technology would make it possible to reduce that number considerably.

107. It was important to consider those budget proposals in their broader context. The proposed net biennial appropriations added up to about $2.3 billion after initial recosting. That was an imposing figure, and needed to be scrutinized carefully. However, it should not be forgotten that the programme budget of the United Nations amounted to only about six cents for each thousand dollars of world income. That minuscule figure had to be set against the value of the Organization to the world community.

108. In most Member States, once the Government's appropriations had been approved, the Government could proceed to spend the full appropriated amount. The Secretary-General had no such luxury. His expenditures were limited not by the amounts appropriated, but by the amounts actually contributed, which fell woefully short of what was needed. At the end of August, little more than one third of Member States had paid their assessed contributions to the current year's regular budget, and those contributions had been due at the end of January. The contribution of the largest contributor had still not been received, and it accounted for nearly 70 per cent of what was still owed for the current year.

109. It was unacceptable that Member States, some of which were among the richest countries in the world, should evade their financial obligations to the United Nations, especially considering that a number of the poorest countries in the world met their payments in full and on time. Indeed, of the 67 Member States that had met their regular budget obligations to the United Nations fully

by 31 August 1995, 35 were developing countries, including several of the poorest. Unfortunately, 62 others had made no payment at all. Around 90 countries still owed money from previous years, including several members of the Security Council. The majority of Member States appeared content to approve programmes, appropriations and assessments without honouring the obligations to which they were committed. That was unacceptable and could not be allowed to continue.

110. A process was being embarked upon that would lead to the approval of more appropriations and assessments. Australia, New Zealand and Canada expected that all Member States would honour the obligations thus incurred in full, on time and without conditions. As Canada's Prime Minister had recently said in Toronto, Governments were growing tired of "UN-bashing", especially when it came from those who were not paying their bills. The fact that there were problems did not let Member States off the hook. Good global citizenship required all countries to pay their fair share in full, on time and without conditions, as Australia, New Zealand and Canada did. Their Governments took a very strong view of that. They believed that their record allowed them and others in the same position to argue that renewal of the United Nations system must go hand in hand with the faithful discharge by each Member State of all of its obligations under the Charter.

111. Mr. OWADA (Japan) stressed that the United Nations seemed headed for a real financial crisis, which could threaten the very viability of the Organization. The Under-Secretary-General for Administration and Management, in his statement to the Fifth Committee on 12 September, had warned of the magnitude and urgency of the cash-flow problem that the United Nations was facing. According to the Under-Secretary-General, when the regular budget had run out of cash in mid-August, it had become necessary to make a temporary transfer of cash from the funds for the peace-keeping operations in order to maintain such activities as the regular budget was supposed to cover. The volume of resources that would have to be diverted was expected to rise rapidly, and that would only be possible if repayments to the countries contributing troops and equipment to peace-keeping operations continued to be deferred.

112. If the Member States wished the United Nations to become a more effective and efficient organization, they must in turn provide sufficient resources, in accordance with their obligation under the Charter. Japan agreed with the Under-Secretary-General that whatever cash-saving steps the Secretariat might take, it remained essential for the Member States to pay their assessed contributions in full and on time.

113. Japan attached great importance to the High-level Open-Ended Working Group on the Financial Situation of the United Nations, and was fully prepared to cooperate in working out a solution, provided that it would be a comprehensive package of measures including, for example, measures to ensure full and timely payment of assessed contributions by all Member States and a decision to adopt a new scale of assessment which would be fair and equitable.

114. Concerning the proposed programme budget for the biennium 1996-1997, Japan was pleased to note that the early submission of the budget proposal by the Secretariat had made it possible for the Fifth Committee to engage in an

exhaustive discussion of many salient issues involved in the new proposed budget. The improvements in the manner in which the budget was presented would certainly facilitate discussion.

115. Japan offered its high praise for the very positive results that the Secretariat had achieved in seeking economies. The proposed budget, before recosting, represented a reduction of 4 per cent from the revised appropriation for 1994-1995. The Secretariat had also succeeded in bringing the resource level of the budget down below that of the budget outline for 1996-1997 that had been approved by the General Assembly in 1994. He welcomed the Secretariat's efforts in the budget formulation process to realize maximum cost-effectiveness through rationalization of activities and various efficiency measures. He pointed out that lowering the budget resource level had been made possible as a result of intensive hearings conducted, for the first time, with the full participation of all the programme managers in a broad range of departments and agencies.

116. While commending the Secretariat's efforts to control the budget, his delegation believed that a further reduction, primarily in administrative costs, should be pursued in order to trim the bloated and inefficient United Nations bureaucracy. Many Governments, including Japan's, were making serious efforts to rationalize their own budgets, while paying their contributions to the United Nations, despite their difficult financial situations. The United Nations also should adopt the necessary measures, taking care, however, not to undermine its capacity to carry out its mandates.

117. In a longer perspective, Member States should review each and every programme with a view to eliminating those which had lost significance and were redundant, and reordering priorities among those that remained. He encouraged the Secretariat to continue to search for ways of achieving efficiency in the second and third phases, and hoped that the newly established efficiency task force would produce significant results in a speedy manner. The task force's estimates of potential savings from improved efficiency should be reflected in the budget in due course. It was hardly necessary to point out that the programme review and rationalization process should be conducted in close coordination with the Member States and the Secretariat.

118. The paramount goal of the Member States should be to ensure a realistic and practical budget, and that it truly served the purpose of enabling the United Nations to live up to the expectations of the international community. It was essential to do everything to strengthen, and nothing to undermine, the Organization, which played such a critical role in the present-day world. It should be pointed out that reducing the budget was not an end in itself; it was a means of streamlining and strengthening the United Nations.

The meeting rose at 5.30 p.m.